

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 NSAE-00 NSCE-00

SSO-00 USIE-00 INRE-00 AID-05 CEA-01 COME-00 EB-07

FRB-03 INR-07 CIEP-01 SP-02 STR-04 TRSE-00 LAB-04

SIL-01 SAM-01 OMB-01 OIC-02 SCCT-01 FEA-01 ACDA-07

AGR-05 CEQ-01 CG-00 DLOS-06 DOTE-00 EPA-01 ERDA-05

FMC-01 H-02 INT-05 IO-13 JUSE-00 L-03 NSC-05 NSF-01

OES-06 PA-01 PM-04 PRS-01 SS-15 SAL-01 EA-07 /144 W

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TO SECSTATE WASHDC IMMEDIATE 1532

INFO ALL EC CAPITALS 2323

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TAGS: EEC, ECIN, PFOR, PLOS, EFIS, PINS

SUBJECT: EUROPEAN COUNCIL, JULY 12-13: SECOND DAY HIGHLIGHTS

REF: (A) EC BRUSSELS 6860, (B) EC BRUSSELS 6749,

(C) EC BRUSSELS 6307, (D) EC A-294

1. SUMMARY: THE JULY 12-13 EUROPEAN COUNCIL MEETING PASSED ITS ACID TEST BY REACHING AGREEMENT ON DIRECT ELECTIONS OF THE EUROPEAN PARLIAMENT (THRE BRITISH LIFTED THEIR RESERVE ON JULY 13). IN OTHER ACTIONS ON THE SECOND DAY OF THE COUNCIL, THE EC HEADS OF GOVERNMENT REACHED AGREEMENT ON A PROGRAM TO COMBAT TERRORISM, ISSUED A DECLARATION OF INTENT TO ESTABLISH A 200-MILE EXCLUSIVE FISHERIES ZONE, AND DISCUSSED THE PUERTO RICO SUMMIT, THE ECOMMUNITY'S ECONOMIC AND LIMITED OFFICIAL USE

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SOCIAL SITUATION, AND THE EC COMMISSION PRESIDENCY. END

SUMMARY.

2. EUROPEAN PARLIAMENT DIRECT ELECTIONS

WITH THE HOUSE OF COMMONS DEBATE ON DIRECT ELECTIONS CONCLUDED AND THE UK RESERVATION SET ASIDE, THE COUNCIL FORMALLY APPROVED THE 410 SEAT FORMULA FOR A DIRECTLY ELECTED EUROPEAN PARLIAMENT (EC BRUSSELS 6860).

3. ALTHOUGH THE COUNCIL DECISION IS DEFINITIVE, IT REMAINS TO BE PUT IN THE FORM OF A LEGAL TEXT IN ORDER TO BECOME PART OF COMMUNITY LAW. ACCORDING TO AN EC COUNCIL SOURCE, THIS TEXT MAY TAKE THE FORM EITHER OF A CONVENTION, THAT IS A MODIFICATION OF THE ROME TREATY REQUIRING MEMBER STATE RATIFICATION, OR OF A COUNCIL DIRECTIVE, BINDING THE MEMBER STATES AS TO THE OBJECTIVES OF THE DECISION BUT LEAVING EACH STATE FREE TO INTERPRET, WITHIN THE BOUNDS OF ITS OWN LEGAL AND ELECTORAL PROCESSES, HOW TO ACHIEVE THOSE OBJECTIVES. IT IS EXPECTED THAT COREPER WILL DECIDE UPON THE APPROPRIATE LEGAL FORM DURING ITS NEXT MEETING AND THAT THE FOREIGN MINISTER WILL ADOPT EITHER A CONVENTION OR A COUNCIL DIRECTIVE AS AN A-POINT DURING THEIR NEXT COUNCIL MEETING, SCHEDULED FOR JULY 19 AND 20.

4. THE HEADS OF GOVERNMENT'S STATEMENT ON DIRECT ELECTIONS NOTES THAT THE BRITISH AND DANISH SIDES CONFIRMED THE STATEMENTS THEY MADE AT THE EUROPEAN COUNCIL MEETING IN ROME LAST DECEMBER WITH RESPECT TO DIFFICULTIES THEY MIGHT ENCOUNTER IN SCHEDULING ELECTIONS IN 1978. THE BRITISH STRESSED, DURING THE ROME MEETING, THAT THEY MIGHT HAVE TROUBLE IMPLEMENTING NECESSARY ELECTORAL LAW CHANGES BY 1978; AND THE DANES STATED THAT, IN VIEW OF THE INTENDED DOUBLE MANDATE FOR THEIR PARLIAMENTARIANS, THEY MIGHT HAVE TO DELAY EUROPEAN PARLIAMENT ELECTIONS TO COINCIDE WITH THE FIRST VOTING ELECTIONS TO BE SCHEDULED FOR AFTER 1978. ACCORDING TO THE COUNCIL'S STATEMENT ON DIRECT ELECTIONS, THE HEADS OF GOVERNMENT "ALSO TOOK NOTE OF A STATEMENT BY THE FEDERAL CHANCELLOR ON THE APPLICATION FOR LIMITED OFFICIAL USE

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TION TO LAND BERLIN OF THE ACT INTRODUCING ELECTION OF THE MEMBERS OF THE EUROPEAN PARLIAMENT BY DIRECT UNIVERSAL SUFFRAGE."

5. TERRORISM

THE COUNCIL'S DISCUSSION OF MEANS TO COMBAT TERRORISM, WHICH HAD BEEN REQUESTED BY FRG CHANCELLOR SCHMIDT, PRODUCED A DECLARATION IN WHICH THE MEMBER

STATES: 1) CONDEMNED THE "INHUMAN PRACTICE OF TAKING HOSTAGES"; 2) EXPRESSED THEIR DETERMINATION TO COOPERATE WITH OTHER COUNTRIES IN SETTING UP EFFECTIVE WORLDWIDE MEASURES TO PREVENT AND ERADICATE INTERNATIONAL TERRORISM, KIDNAPPING AND HIJACKING, AND 3) REQUESTED THEIR MINISTERS OF JUSTICE TO SET UP A CONVENTION UNDER WHICH THE MEMBER STATES WOULD UNDERTAKE TO PROSECUTE OR EXTRADITE THOSE WHO ENGAGE IN THE TAKING OF HOSTAGES. UK PRIME MINISTER CALLAGHAN LATER NOTED THAT THIS DECLARATION IS IN LINE WITH THE US/UK RESOLUTION ON TERRORISM INTRODUCED AT THE UN SECURITY COUNCIL. FULL TEXT OF THE AGREEMENT WILL FOLLOW SEPTEL.

6. 200-MILE FISHERIES ZONE

THE COUNCIL ISSUED A STATEMENT NOTING AN INCREASING TREND TOWARDS THE EXTENSION OF FISHERY LIMITS TO 200 MILES WITHOUT AWAITING THE CONCLUSIONS OF THE UNITED NATIONAL LAW OF THE SEA CONFERENCE AND EXPRESSING DETERMINATION TO PROTECT THE LEGITIMATE RIGHTS OF COMMUNITY FISHERMEN. TO THIS END, THE HEADS OF GOVERNMENT ASKED THE FOREIGN MINISTERS COUNCIL TO GIVE CONSIDERATION, AT ITS JULY 20 MEETING, TO A DECLARATION OF INTENT BY THE EC MEMBER STATES TO EXTEND COMMUNITY FISHING LIMITS TO 200 MILES.

7. PUERTO RICO

DISCUSSION OF THE PUERTO RICO SUMMIT WAS, BY ALL ACCOUNTS, LESS EXTENSIVE THAN HAD BEEN EXPECTED. AT HIS FINAL PRESS CONFERENCE, DUTCH PRIME MINISTER DEN UYL, THE COUNCIL PRESIDENT, ANNOUNCED THAT THERE HAD BEEN AGREEMENT ONLY TO CONSULT IN THE FUTURE CONCERNING INVITATIONS TO SUCH MEETINGS AND TO RESPECT LIMITED OFFICIAL USE

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COMMUNITY COMPETENCE WHEN MATTERS OF COMMUNITY INTEREST WERE DISCUSSED. DEN UYL REFUSED TO BE DRAWN OUT WHEN ASKED BY THE PRESS WHETHER DISCUSSION HAD ALSO INCLUDED THE ISSUE OF FULL PARTICIPATION BY ALL EC MEMBER STATES AND THE EC COMMISSION AT FUTURE SUMMITS IN THE PUERTO RICO VEIN.

8. EC ECONOMIC AND SOCIAL SITUATION

DEN UYL STATED AT HIS PRESS CONFERENCE THAT THERE HAD BEEN AGREEMENT WITH THE COMMISSION'S ASSESSMENT THAT THE MEMBER STATES' ECONOMIES WERE IN THE MIDDLE OF A CYCLICAL UPSWING WHICH WOULD LIKELY CONTINUE INTO 1977, ALTHOUGH NOT REACHING THE LEVEL OF RECOVERY OF THE US AND JAPANESE ECONOMIES. HE SAID THERE WAS ALSO RECOGNITION THAT UNEMPLOYMENT

WOULD CONTINUE TO BE A PROBLEM, PARTICULARLY AMONG  
THE YOUNG, AND THAT CAREFUL ATTENTION SHOULD BE PAID  
TO BUDGET DEFICITS AND MONEY SUPPLY, IN VIEW OF THE  
DANGER OF INFLATION.

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9. THE HEADS OF GOVERNMENT CALLED FOR A MEETING OF  
EC FINANCE MINISTERS WITHIN THE NEXT TEN DAYS TO DIS-  
CUSS BOTH THE COMMISSION'S JUNE 23 DOCUMENT (EC  
BRUSSELS 6749) AND A DUTCH PROPOSAL FOR CLOSER COOR-  
DINATION OF MONETARY AND BUDGETARY POLICIES AMONG THE  
MEMBER STATES AS A MEANS OF REDUCING CURRENT DIS-  
PARITIES BETWEEN NATIONAL EC ECONOMIES. A PRINCIPAL  
AIM IS TO CREATE "TARGET ZONES" FOR THE "NON-SNAKE"  
CURRENCIES, LIMITING THEIR FLUCTUATION AGAINST THOSE  
INSIDE THE SNAKE. (COMMENT: THE DUTCH HAVE ALREADY  
MADE A SIMILAR PROPOSAL TO THE EC MONETARY COMMITTEE;

SEE EC A-294. THE MISSION HAS SEEN A LETTER DUTCH  
FINANCE MINISTER DUSENBERG HAS SENT TO EC FINANCE  
MINISTERS SETTING FORTH PROPOSALS TO IMPROVE EC  
ECONOMIC AND MONETARY COORDINATION. THIS WILL BE  
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REPORTED SEPTTEL.) DEN UYL STRESSED, AT HIS FINAL  
PRESS CONFERENCE, THAT THESE PROPOSED MEASURES, ALONE,  
WOULD NOT BE ENOUGH TO CORRECT DISPARITIES AMONG  
MEMBER STATE ECONOMIES. CALLAGHAN LATER TOLD THE  
BRITISH PRESS THAT HE FELT THE DUTCH PROPOSAL WAS NOT  
PRACTICABLE. HE STATED THAT, ALTHOUGH CHANCELLOR OF  
THE EXCHEQUER HEALEY WOULD BE UNABLE TO ATTEND THE  
PLANNED FINANCE MINISTERS COUNCIL, ANOTHER UK  
MINISTER WOULD ATTEND.

10. IN A SEPARATE DISCUSSION, THE HEADS OF GOVERNMENT  
ALSO SUBSCRIBED TO THE CONCLUSIONS OF THE TRIPARTITE  
CONFERENCE AND ENDORSED THE CONCEPT OF CONTINUED  
EFFORTS TO INVOLVE THE SOCIAL PARTNERS IN THE WORK  
OF THE COMMUNITY (EC BRUSSELS 6307).

11. EC COMMISSION PRESIDENCY  
IN A DECISION THAT WILL NOT BE MADE PUBLIC,  
THE COUNCIL ARRIVED AT A RESOLUTION OF THE ISSUE OF  
HOW TO HANDLE ROY JENKINS' NOMINATION TO THE EC COM-  
MISSION PRESIDENCY. THE BRITISH REPORTEDLY STATED  
THAT THEY INTENDED FORMALLY TO NOMINATE  
JENKINS LATER IN THE YEAR; AND THE OTHER STATES INDICATED  
THAT THEY WOULD APPROVE HIS NOMINATION WHEN IT  
WAS SUBMITTED. THIS AGREEMENT, ACCORDING TO A COUNCIL  
SOURCE, HAS BEEN EMBODIED IN AN INTERNAL COUNCIL  
AIDE MEMOIRE.

12. IN A RELATED DEVELOPMENT, THE HEADS OF GOVERNMENT  
REPORTEDLY DISCUSSED THE POSSIBILITY OF REDUCING THE  
SIZE OF THE EC COMMISSION FROM ITS PRESENT MEMBERSHIP  
OF 13 THROUGH A CONSOLIDATION OF PORTFOLIOS. THE UK  
IS REPORTEDLY TO WORK OUT TERMS OF REFERENCE FOR A  
FURTHER DISCUSSION OF THIS IDEA AT THE NOVEMBER  
MEETING OF THE EUROPEAN COUNCIL IN THE HAGUE. HINTON

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